

# House File 339

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## AN ACT

RELATING TO SNOWMOBILE FRANCHISES BY REQUIRING THE REPURCHASE  
OF CERTAIN INVENTORY UPON TERMINATION OF A FRANCHISE AND  
PROVIDING EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 322D.1, subsection 2, Code 2003, is  
amended to read as follows:

2. "Attachment" means a machine or part of a machine  
designed to be used on and in conjunction with a farm  
implement, motorcycle, ~~or~~ all-terrain vehicle, or snowmobile.

Sec. 2. Section 322D.1, subsection 4, paragraphs b and e,  
Code 2003, are amended to read as follows:

b. The franchisee is granted the right to offer and sell  
farm implements, motorcycles, all-terrain vehicles,  
snowmobiles, or related parts or attachments manufactured or  
distributed by the franchiser.

e. The operation of the franchisee's business is  
substantially reliant on the franchiser for the continued  
supply of farm implements, motorcycles, all-terrain vehicles,  
snowmobiles, or related parts or attachments.

Sec. 3. Section 322D.1, subsections 5 and 6, Code 2003,  
are amended to read as follows:

5. "Franchisee" means a person who receives farm  
implements, motorcycles, all-terrain vehicles, snowmobiles, or  
related parts or attachments from the franchiser under a  
franchise and who offers and sells the farm implements,  
motorcycles, all-terrain vehicles, snowmobiles, or related  
parts or attachments to the general public.

6. "Franchiser" means a person who manufactures,  
wholesales, or distributes farm implements, motorcycles, all-  
terrain vehicles, snowmobiles, or related parts or  
attachments, and who enters into a franchise.

Sec. 4. Section 322D.1, Code 2003, is amended by adding  
the following new subsection:

NEW SUBSECTION. 11. "Snowmobile" means the same as  
defined in section 321G.1.

Sec. 5. Section 322D.2, Code 2003, is amended to read as  
follows:

322D.2 FRANCHISEE'S RIGHTS TO PAYMENT.

1. A franchisee who enters into a written franchise with a  
franchiser to maintain a stock of farm implements,  
motorcycles, all-terrain vehicles, snowmobiles, or related  
parts or attachments has the following rights to payment, at  
the option of the franchisee, if the franchise is terminated:

a. One hundred percent of the net cost of new, unused,  
complete farm implements, motorcycles, all-terrain vehicles,  
snowmobiles, or related attachments, which were purchased from  
the franchiser. In addition, the franchisee shall have a  
right of payment for transportation charges on the farm  
implements, motorcycles, ~~or~~ all-terrain vehicles, or  
snowmobiles, which have been paid by the franchisee.

b. Eighty-five percent of the net prices of any repair  
parts, including superseded parts, which were purchased from  
the franchiser and held by the franchisee on the date that the  
franchise terminated.

c. Five percent of the net prices of parts resold under  
paragraph "b" for handling, packing, and loading of the parts.  
However, this payment shall not be due to the franchisee if  
the franchiser elects to perform the handling, packing, and  
loading.

2. Upon receipt of the payments due under subsection 1,  
the franchiser is entitled to possession of and title to the  
farm implements, motorcycles, all-terrain vehicles,  
snowmobiles, or related parts or attachments.

3. The cost of farm implements, motorcycles, all-terrain  
vehicles, snowmobiles, or related attachments and the price of  
repair parts shall be determined by reference to the  
franchiser's price list or catalog in effect at the time of  
the franchise termination.

Sec. 6. Section 322D.3, subsections 7 and 9, Code 2003,  
are amended to read as follows:

3 6 7. A farm implement, motorcycle, or all-terrain vehicle,  
3 7 or snowmobile which is not in new, unused, undamaged, or  
3 8 complete condition.

3 9 9. A farm implement, motorcycle, ~~or~~ all-terrain vehicle,  
3 10 or snowmobile which was purchased twenty-four months or more  
3 11 prior to the termination of the franchise.

3 12 Sec. 7. NEW SECTION. 322D.10 APPLICATION == SNOWMOBILE  
3 13 FRANCHISE AGREEMENTS.

3 14 The rights under section 322D.2, subsection 1, apply to  
3 15 snowmobile franchises in effect on January 1, 2003, which have  
3 16 no expiration date and are continuing franchises, and to  
3 17 franchises executed or renewed on or after January 1, 2003,  
3 18 but only to snowmobiles and related parts or attachments  
3 19 purchased on or after January 1, 2003.

3 20 Sec. 8. EFFECTIVE AND RETROACTIVE DATES. This Act, being  
3 21 deemed of immediate importance, takes effect upon enactment  
3 22 and is retroactive to January 1, 2003.

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CHRISTOPHER C. RANTS  
3 27 Speaker of the House

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MARY E. KRAMER  
3 32 President of the Senate

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3 34 I hereby certify that this bill originated in the House and  
3 35 is known as House File 339, Eightieth General Assembly.

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MARGARET THOMSON  
4 5 Chief Clerk of the House

4 6 Approved \_\_\_\_\_, 2003

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THOMAS J. VILSACK

4 11 Governor